

Taunton Deane Borough Council

Executive – 11 July 2012

Potential Relocation of Council Depot and Disposal of the Priory Way Site.

Report of Strategic Director (Brendan Cleere) and Regeneration Delivery Manager (Ian Franklin)

(This matter is the responsibility of Executive Councillor Norman Cavill)

1. Purpose of the Report

- 1.1 To seek the Executive's view and recommendation on the potential relocation of the Council's depot and marketing of the site at Priory Way, Taunton.

Executive Summary

This matter was considered in detail by the Corporate Scrutiny Committee on 24 May 2012 (see minutes attached as Appendix A).

The potential relocation of the Council's depot was originally put forward as part of the DLO Transformation Plan, approved in August 2011. A business case for relocation was to be considered in 2012/13 for a potential relocation in 2013/14.

Keen interest from a number of local businesses in the depot site has challenged the Council to consider early disposal of the site to further its economic development aspirations, raising potential conflicts with the approved plan and timetable for DLO transformation.

Weighing up the potential risks and benefits involved, the Corporate Scrutiny Committee recommended:

- (i) That the DLO should be supported in its ongoing transformation
- (ii) That a marketing exercise of the current depot site should be undertaken

The Executive is asked to make any comments and make recommendations on whether or not a marketing exercise for the depot site should be undertaken, for onward consideration and decision by Full Council on 17 July. This would allow the marketing of the depot site, if approved, to proceed without delay after 17 July.

The report also proposes that a senior responsible group of members be established to oversee any marketing exercise, consider bids and make recommendations to Full Council at the end of the exercise, anticipated by January 2013 or potentially earlier. This group would also be responsible for looking at emerging options for depot relocation, weighing up the costs and benefits of each option. The potential relocation will be brought to Full Council for a decision on the same timetable as consideration of bids for the current site,

2. Background

- 2.1 The background to this matter is described briefly in the Executive Summary and in more detail in the report of 24 May 2012 to Corporate Scrutiny Committee (Minutes attached as Appendix A).
- 2.2 Having considered the attached report in some detail, the Corporate Scrutiny made two recommendations to the Executive:
- (i) That the DLO should be supported in its ongoing transformation
 - (ii) That a marketing exercise of the current depot site should be undertaken
- 2.3 The site covers approximately 3.85 acres in total, which includes approximately 0.2 acres currently occupied by three emergency housing accommodation units. The whole site would be subject to any marketing process, meaning that alternative provision would be required for these units.
- 2.4 The view of the Corporate Scrutiny Committee was that the result of any marketing exercise would establish the value of the depot site and provide an important context for considering the business case for potential depot relocation.
- 2.5 At this stage, a number of options for depot relocation are being looked at:
- ‘Squeezing up’ operations on the current site, releasing the more visible (and valuable) part of the site adjacent to Priory Way for disposal. This option would also leave open the possibility of a phased withdrawal at a later date, releasing the remainder of the site for disposal.
 - Relocating all operations to a suitable site elsewhere.
 - Spreading DLO operations across a number of sites.

3. Marketing of the Depot Site and Relocation Options

- 3.1 It is important that the approach taken to marketing the site does not preclude any of the options listed in 2.5.
- 3.2 A marketing exercise, if approved, would take between 8 weeks and five months to complete, depending on the Council's appetite to test the market. Therefore, assuming that marketing activity started in August 2012, bids for the depot site would be expected by January 2013 and potentially earlier.
- 3.3 The Planning and Development Manager has previously advised that a car dealership option would be an appropriate future employment use of this site, with other potential higher value uses (such as food and retail) not being suitable due to detrimental impact on the Town Centre. Other uses of the site may nevertheless be acceptable in planning terms and these would need to be assessed by the Council on financial, planning and regeneration merits.

- 3.4 Relocation options are being explored as outlined in section 2.5. Officers continue to work with SWOne colleagues to identify potential depot sites and establish the costs, advantages and disadvantages associated with these options. The outcome of this work will be presented to members alongside consideration of bids for the depot site, enabling a fully informed decision to be made on the whole business case for disposal and relocation.
- 3.5 Additional project management support is required on a temporary basis to assist with different elements of the DLO Transformation Plan, which risk being adversely affected by the need to focus time and effort on the potential relocation. Costs associated with this additional support, and the potential marketing of the site, can be met from existing resources.

4. Risks

- 4.1 Key risks associated with the relocation of the depot were reported to Corporate Scrutiny Committee on 24 May 2012, as follows:

Risk	Comment
Economic development/regeneration	
Loss of businesses as a result of failure to vacate the depot site, resulting in loss of jobs and opportunity to develop this business in Taunton.	Project Taunton colleagues are in discussion with interested businesses about the depot site and have clarified that any marketing exercise would need to be approved by Full Council and would also need to satisfy the legal requirement to secure best value.
Operational	
Disruption and/or delay to the wider DLO transformation plan, leading to potential reduction in the transformation benefits.	The timing of any relocation may result in 'pinch points' with other transformation work streams (eg the procurement and implementation of a new IT and work flow system).
Disruption to the day-to-day running of DLO services, causing deterioration in service and customer complaints	Any move would cause disruption, although this could be mitigated depending on timetable and approach used.
Employee relations suffer, leading to reduced morale and performance	UNISON and staff would be kept informed at all stages of any change, with the reasons for relocation communicated clearly and constructively.
Alternative emergency housing arrangements are not available to mitigate the potential loss of the units adjacent to the depot site.	Housing colleagues are already working on options to mitigate the potential loss of these units. These options may have financial implications and call upon any receipt from the disposal of the depot site..
Site disposal	
Failure to achieve a site disposal which satisfies planning demands,	Full Council approval for the marketing of the depot site is required. Project Taunton is

Risk	Comment
procurement regulations and legal requirements.	working with legal, property and planning colleagues to ensure that the Marketing Plan satisfied relevant legal and procurement requirements.
The site is not acquired by the interested businesses concerned, following a marketing and disposal exercise, resulting in the potential loss of businesses from Taunton.	Any marketing exercise would need to leave open the possibility a range of bids from different interested parties. There can be no guarantee that any given business or use will ultimately be successful in its bid. Bids would need to be assessed against a range of criteria.
Financial	
The cost of depot relocation outweighs any capital receipt from the current site, placing an additional burden on Council resources.	<p>Options for different sites are being explored urgently with no 'cheap solution' emerging. Depending on the final site acquired, it is likely that any depot relocation costs will exceed the indicative capital value of the current site, based on the indicative car showroom use.</p> <p>In this scenario, members would need to be clearly prioritise the retention of jobs and regeneration over the prospect of a capital receipt from the disposal and relocation of the depot site.</p>
Current 'unknowns', including the anticipated receipt from the current depot site and the absence of a fully costed relocation site, mean that members would not have sufficient information to make a decision that is based on full knowledge of all the relevant financial facts.	<p>The value of the depot site (whole or part) is only indicative. The most reliable method to ascertain site value is to carry out a marketing exercise and establish what bidders would be prepared to pay.</p> <p>A search for potential depot sites is still under way and indicative costs of different options listed in 2.5 are being established.</p> <p>Capital and revenue implications of the potential site disposal and relocation would be presented to members at the conclusion of the marketing exercise, enabling an informed decision to be made which also takes account of non financial issues associated with different options.</p>
Future of local government services	
Alternative providers are found to deliver DLO services in future, after considerable resources have been invested in depot relocation.	<p>The Coalition Government is increasingly requiring (eg through the Localism Act and Open Services White Paper) local authorities to become 'commissioners' rather than 'direct providers' of services.</p> <p>Although the internal transformation project</p>

Risk	Comment
	<p>is ahead of schedule to deliver the predicted financial benefits, members may decide (or be forced) to consider alternative delivery models earlier than originally planned.</p> <p>Committing the authority to significant early expenditure in relocating the depot may ultimately be deemed wasteful in the event of other providers delivering these services in future.</p>

5. Member Involvement in the Potential Marketing and Relocation Process

5.1 If Full Council (on 17 July 2012) approves the marketing of the depot site, it is proposed that a senior responsible group of members is established to oversee the process at key stages, consider any bids and advise the Executive and Full Council on potential depot disposal and relocation options. The proposed member group would comprise:

- The Leader of the Council
- The Leader of the Liberal Democrat Group
- The Portfolio and Shadow Portfolio Holders for Economic Development and Property
- The Chair of the DLO Transformation Members Steering Group

5.2 The DLO Transformation Members Steering Group will continue to meet on a regular basis to review progress on all aspects of the transformation plan and, through the Chair, will provide an important input to potential disposal and relocation options.

6. Human Resource Implications

6.1 Priory Depot is the place of work for 35 office-based staff and a workforce of approximately 130.

6.2 Any relocation will have potentially significant human resource implications, and the views of staff affected will be sought at every stage. UNISON representatives have been briefed on this matter.

7. Finance Comments

7.1 As mentioned under section 4 of the report under the Financial Risk heading there is a risk that the potential capital receipts could be lower than the cost of the relocation of the Depot. If this is the case then there could be a need to borrow to bridge the funding gap which would have on-going revenue implications for the paying back of the borrowing plus interest.

- 7.2 The cost of relocating the Depot is currently unknown and could vary depending on the site chosen. It is recommended that a full options appraisal and business case is drawn up for the relocation options accessing both the capital and revenue implications of the proposals.
- 7.3 The capital receipt is currently unknown and could be affected by the eventual site use as mentioned in section 3. Members would need to prioritise the importance of a capital receipt vs economic development benefits and it is recommended that a full options appraisal of the advantages and disadvantages is undertaken.
- 7.4 All capital and revenue implications must be taken into account when making any decisions. It is likely that any capital budget required will need to be financed from borrowing due to a current lack of capital resources.
- 7.5 VAT implications need to be taken into account. The current site would be sold as exempt. If there were any large amounts of capital or revenue spend on the site up to 10 years before it was sold then this could affect the Council's partial exemption calculation. TDBC could opt to tax on the site which would mean the purchaser would have to pay VAT – this should be considered if any major work is to happen on the site before it is sold.

8. Legal Comments

- 8.1 In any disposal of the site, the Council must achieve best value as set out in the Local Government Act 1972. Planning have confirmed that car dealership use would be acceptable in planning terms but other suitable uses should not be ruled out if they are more favourable to the council. Any marketing of this site should take account of this.

9. Links to Corporate Aims

- 9.1 This matter relates to the Council's Corporate Aim for Regeneration.

10. Environmental Implications

- 10.1 The location of the depot as an operating base for many staff has implications on vehicle movements, fuel consumption, carbon emissions and traffic congestion. The office and workshop/warehouse buildings on the depot site are also significant users of energy, contributing to the Council's overall 'carbon footprint'.
- 10.2 Any relocation proposals should seek to minimise the Council's environmental impact as far as practicable, in line with its climate change commitments.

11. Community Safety Implications

- 11.1 None.

12. Equalities Impact

- 12.1 There are no plans at present to change the quality or range of services provided by the DLO to external customers. An initial scoping exercise has therefore concluded that the potential relocation of the depot does not place any particular group at risk of discrimination or disadvantage. However, further assessment of any preferred option will be carried out in the event of any detailed proposals emerging, with actions taken as required to mitigate any potential equality issues.
- 12.2 Implications on the workforce (including equality related implications) of any specific relocation proposals will also be assessed and fully consulted upon at the appropriate time.

13. Risk Management

- 13.1 The key risks involved in this issue are outlined in section 4.

14. Partnership Implications

- 14.1 There are potential opportunities to share depot requirements with other authorities and service providers in the area. To some extent, opportunities will depend on the timing and urgency that different agencies have to relocate.
- 14.2 Opportunities for sharing are being explored alongside the search for available sites.

15. Recommendations

- 15.1 The Executive is recommended:
- (i) to consider the views of Corporate Scrutiny Committee and decide whether or not to seek the approval of Full Council to proceed with the marketing of the depot site; and,
 - (ii) if a marketing exercise is supported, to seek Full Council approval for the establishment of a senior responsible group of members to oversee the process, as proposed in section 5.1

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Appendix A: Report to Corporate Scrutiny, 24 May 2012 (incl. notes of meeting)

Appendix A

Extract from the Minutes of the Corporate Scrutiny Committee meeting held on 24 May 2012

34. Potential Relocation of Council Depot and Disposal of the Priory Way Site

Considered report previously circulated, concerning the potential relocation of the Council's Direct Labour Organisation from its current site at Priory Way, Taunton and the disposal of the land which occupied 1.47 hectares (3.64 acres). There was also an adjacent area (approximately 0.2 acres) of Council owned land which was currently occupied by emergency housing units.

Full Council had previously approved a comprehensive plan for the transformation of Deane DLO services. As part of the wider transformation, Members had approved a recommendation that a Business Case for potential depot relocation should be developed for further consideration.

A relocation of the depot had the potential to achieve a number of objectives, including:-

- The generation of a capital receipt from the existing depot site;
- Enabling wider regeneration of the site to further the Council's economic development aspirations; and
- Enabling the further business transformation of DLO services.

The timetable approved was for a Business Case for relocation to be submitted in 2012/2013, followed by an actual relocation in 2013/2014.

Currently this timetable was 'on track' to deliver the approved timetable. Key milestones delivered so far included completion of a feasibility study, identifying a need for a new and smaller site of approximately 2.05 acres, the relocation of the main fleet vehicle maintenance function from the depot to an alternative provider and the clearance of surplus items around the depot site to facilitate an easier relocation process.

A search for potential depot sites was currently under way, however no clear 'front-runners' which matched the requirements of the feasibility study had yet been found.

Independent of the above activity, there was now significant pressure from a number of businesses in the Taunton area who would like to relocate to the current depot site, including the adjacent area currently occupied by the emergency housing units.

There was a significant risk that unless these companies could secure this site they would relocate out of Taunton, resulting in the loss of business and jobs from the town.

Project Taunton had indicated that the timetable requirements of these businesses were very tight. An agreement with the relevant parties would need to be secured over the summer of 2012, with vacant possession of the depot site in January 2013.

The Growth and Development Manager had advised that a car dealership option would be an appropriate future employment use of this site, although other uses might be acceptable in planning terms.

In addition, the Monitoring Officer had advised that the depot site could be actively marketed with an indicative car dealership use. This would however leave open the prospect of bids for other potential uses, which would need to be assessed by the Council on financial, planning and regeneration merits.

Further reported that meeting the timetable indicated by the businesses concerned would require the depot to relocate or share the site far earlier than indicated in the approved DLO Transformation Plan.

Although there was not adequate time for a new depot site to be acquired and fully operational by January 2013, an accelerated timetable to vacate the current site in whole or part by January 2013 was possible, but came with significant risks, full details of which were reported.

There appeared to be five options for consideration by Members, as follows:-

- (1) Stay with the approved plan and timetable.** This reflected the current position for a Business Case for relocation to be submitted in 2012/2013, followed by an actual relocation in 2013/2014.

Although designed to minimise cost and disruption, staying with this option could result in the loss of businesses from Taunton in the near future.

This option retained the Council's ability to dispose of the entire site at a later date, in the event that a cost-effective relocation opportunity was found or in the event of another provider delivering these services.

- (2) Redevelop the depot on the current site and free up space for other uses.** This option would see the depot redevelop within a smaller area on its current site, freeing up the remainder to dispose of for alternative employment use.

This option would reduce the area available for regeneration and reduce the potential capital receipt. However, the costs of purchasing another site would be avoided and the extent of disruption associated with relocation would be reduced.

The Council would also retain the ability to dispose of the area occupied by the depot at a later date, in the event that a cost-effective relocation opportunity was found or in the event that another provider delivered DLO services in future.

- (3) An interim staged move.** The depot would relocate to an interim site(s) by January 2013, with a further move to a final and as yet unidentified site

afterwards. This option would free the whole depot site up early for alternative regeneration uses.

Due to multiple moves, this option would probably be more costly and disruptive to service delivery.

Expense incurred in this option could later prove unnecessary in the event of another provider delivering Deane DLO services in future.

- (4) Move to a new site and redevelop.** The depot relocated to an as yet unidentified new site by January 2013 that ultimately became a permanent home, pending completion of any development/re-development works.

As with option (3), this option would free the whole site up early for alternative regeneration uses.

This option would also incur significant cost and be disruptive to service delivery.

- (5) Delayed Completion.** The depot site (or part of) was sold or leased to a third party, but the DLO operations would remain on site for a specified period, pending a controlled move to an as yet unidentified new site. This could be done in a way that minimised disruption to service provision.

Although this option would give potential purchasers certainty and an ability to plan their business ahead within Taunton, the Council would be at risk of committing to vacate the site by a specified date, when viable and cost-effective relocation options had not been found. The Council would effectively be committing to a course of action without knowing the financial consequences.

Based on current indicative estimates, it was likely that the cost of relocation to another site would exceed the anticipated capital receipt from the disposal of the depot site for an indicative car showroom use.

Taking into account the above options, there were a number of early 'questions of principle' which Members were asked to address to set a context for any future decision.

- Which, if any, of the options presented, was preferred in principle by Members?
- It was unlikely that the capital receipt from the disposal of the depot site would be sufficient to cover the costs of relocating the depot to another site. Would Members be prepared to market and potentially dispose of the site on this basis and therefore recognise the potential need to borrow to bridge any funding 'gap'?
- An accelerated relocation of the depot would free up the site quickly for alternative uses and employment, but was likely to disrupt day to day service delivery and the transformation plan for the DLO. Accepting that economic development and the DLO transformation were both priorities for this Council, which should take precedence in this instance?

During the discussion of this item, Members made the following comments and asked questions. Responses are shown in italics:-

- The above questions were difficult to answer without market testing first taking place. This needed to be done to enable Members to decide whether it was right to support something that could actually cost the Council money, at a time when finances were already stretched. *It was agreed that market testing ought to be carried out which could then be used to build a Business Case. The report sought to reflect the current situation following significant interest from car dealerships in the area and also provided an assessment of the risks which could be involved;*
- The ability of the Council to move quickly was questioned. *There was confidence that the DLO could be moved off the Priory Way site as quickly as required;*
- If the economic development opportunity was not grasped, the Council would be sending out the wrong messages to the business community and, as a result, could see several car dealerships seeking to relocate to Junction 24 where alternative sites were currently available;
- There was a need both to test the market and accommodate the continued operation of the DLO;
- All options for the redevelopment of the depot site and land owned by the Council beyond needed to be considered. A larger site area could result in further potential users coming forward other than car dealerships;
- There were many car dealerships in the Marsh Barton area of Exeter which had proved to be a 'magnet' for people living in the vicinity. Something along the same lines for Taunton would be very welcome.

Generally, Members considered that the most satisfactory way forward would be for an early marketing exercise to be undertaken which would then allow a full Business Case to be drafted, provided an alternative site to facilitate the relocation of the DLO could be identified.

Resolved that it be recommended to the Executive that:-

- (iii) the continued transformation and operational success of the DLO be supported; and
- (iv) a marketing exercise of the Deane DLO Depot at Priory Way, Taunton be undertaken to establish its true value.